



For the Year Ending December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

NAIC Group Code	1311	(Current Period)	0000	(Prior Period)	NAIC Company Code	95814	Employer's ID Number	38-3123777
Organized under the Laws of	Michigan				State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America							
Licensed as business type:	Life, Accident & Health[]		Property/Casualty[]		Hospital, Medical & Dental Service or Indemnity[]			
	Dental Service Corporation[]		Vision Service Corporation[]		Health Maintenance Organization[X]			
	Other[]		Is HMO Federally Qualified? Yes[] No[X] N/A[]					
Incorporated/Organized	01/01/1994				Commenced Business	01/01/1994		
Statutory Home Office	4700 Schaefer Road Ste. 340				Dearborn, MI, 48126			
	(Street and Number)				(City or Town, State, Country and Zip Code)			
Main Administrative Office	4700 Schaefer Road Ste. 340							
	(Street and Number)							
	Dearborn, MI, 48126				(313)581-3700			
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number)			
Mail Address	4700 Schaefer Road Ste. 340				Dearborn, MI, 48126			
	(Street and Number or P.O. Box)				(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	4700 Schaefer Rd. Ste. 340							
	(Street and Number)							
	Dearborn, MI, 48126				(313)581-3700			
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number)			
Internet Website Address	www.midwesthealthplan.com							
Statutory Statement Contact	Allen A. Kessler, CPA				(313)586-6064			
	(Name)				(Area Code)(Telephone Number)(Extension)			
	akessler@midwesthealthplan.com				(313)581-8699			
	(E-Mail Address)				(Fax Number)			

OFFICERS

<u>Name</u>	<u>Title</u>
Mark Saffer DPM	President
Jeanne Dunk	Secretary
Ronald Berry CPA	Treasurer

OTHERS

Mark H. Tucker MD

Allen A. Kessler CPA

DIRECTORS OR TRUSTEES

Mark Saffer DPM
Jeanne Dunk
John Lindsey

William Alvin
Ronald Berry CPA
Myra Gamble

State of Michigan
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Mark Saffer	Jeanne Dunk	Ronald Berry
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____, 2013

_____ (Notary Public Signature)

a. Is this an original filing? Yes[X] No[]

b. If no, 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,026,834		1,026,834	1,027,024
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....15,442,699 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....45,010,828 Schedule DA)	60,453,527		60,453,527	46,805,940
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	61,480,361		61,480,361	47,832,964
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	3,032		3,032	1,610
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	1,101,898		1,101,898	1,300,000
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	365,167		365,167	110,852
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	751,945		751,945	263,559
18.2	Net deferred tax asset	2,711,326	1,860,352	850,975	286,000
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	332,551	332,551		
21.	Furniture and equipment, including health care delivery assets (\$.....0)	166,554	166,554		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care (\$.....2,080,043) and other amounts receivable	2,143,951		2,143,951	93,777
25.	Aggregate write-ins for other than invested assets	485,381	485,381		
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	69,542,165	2,844,837	66,697,328	49,888,763
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	69,542,165	2,844,837	66,697,328	49,888,763
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Prepaid Assets	485,381	485,381		
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	485,381	485,381		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	31,669,847		31,669,847	27,099,291
2.	Accrued medical incentive pool and bonus amounts	1,056,313		1,056,313	1,099,875
3.	Unpaid claims adjustment expenses	917,403		917,403	917,765
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	2,362,748		2,362,748	1,683,965
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	978,098		978,098	
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)	2,890,502		2,890,502	
24.	TOTAL Liabilities (Lines 1 to 23)	39,874,911		39,874,911	30,800,896
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	186,230	186,230
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	33,770	33,770
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	26,602,417	18,867,867
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	26,822,417	19,087,867
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	66,697,328	49,888,763
DETAILS OF WRITE-INS					
2301.	Contingent Liability - State Tax Refund	2,890,502		2,890,502	
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,890,502		2,890,502	
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	945,228	884,601
2.	Net premium income (including \$.....0 non-health premium income)	X X X	275,142,049	265,692,692
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(644,741)	(588,544)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	274,497,308	265,104,148
Hospital and Medical:				
9.	Hospital/medical benefits		168,933,050	154,970,815
10.	Other professional services		15,749,933	13,792,510
11.	Outside referrals		2,088,728	2,035,467
12.	Emergency room and out-of-area		16,534,784	15,029,531
13.	Prescription drugs		33,303,716	27,597,981
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		4,174,500	3,661,653
16.	Subtotal (Lines 9 to 15)		240,784,711	217,087,957
Less:				
17.	Net reinsurance recoveries		392,359	59,869
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		240,392,352	217,028,089
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses		3,311,601	3,382,808
21.	General administrative expenses		17,388,122	34,897,617
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		261,092,074	255,308,513
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	13,405,234	9,795,635
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		19,070	67,265
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		19,070	67,265
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	13,424,304	9,862,900
31.	Federal and foreign income taxes incurred	X X X	6,319,962	3,926,000
32.	Net income (loss) (Lines 30 minus 31)	X X X	7,104,342	5,936,900
DETAILS OF WRITE-INS				
0601.	Revenue-Other	X X X	206,641	365,059
0602.	Management Fee Income	X X X	470,000	240,000
0603.	Child & Adolescent Health Center Fee	X X X	(1,333,599)	(1,226,152)
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X	12,217	32,549
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(644,741)	(588,544)
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	Unpaid Claims Adjustment Expense			
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	.....		
2902.	Extraordinary Item - Claim Settlement			
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	19,087,867	48,434,519
34.	Net income or (loss) from Line 32	7,104,342	5,936,900
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	1,634,326	432,000
39.	Change in nonadmitted assets	(1,004,119)	(715,552)
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		(35,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	7,734,550	(29,346,652)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	26,822,417	19,087,867
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	275,340,151	264,848,221
2.	Net investment income	20,095	98,256
3.	Miscellaneous income	(644,741)	(588,544)
4.	Total (Lines 1 through 3)	274,715,505	264,357,933
5.	Benefit and loss related payments	236,119,673	214,954,425
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	19,776,818	38,153,838
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	6,808,348	3,450,000
10.	Total (Lines 5 through 9)	262,704,838	256,558,263
11.	Net cash from operations (Line 4 minus Line 10)	12,010,667	7,799,670
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	1,025,000	1,000,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,025,000	1,000,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	1,027,255	1,027,563
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,027,255	1,027,563
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,255)	(27,563)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		35,000,000
16.6	Other cash provided (applied)	1,639,176	(679,683)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,639,176	(35,679,683)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	13,647,587	(27,907,575)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	46,805,940	74,713,515
19.2	End of year (Line 18 plus Line 19.1)	60,453,527	46,805,940

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	275,142,049	639,222					8,182,255	266,320,573		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	(644,741)							(644,741)		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	274,497,308	639,222					8,182,255	265,675,831		
8.	Hospital/medical benefits	168,933,050	199,359					2,620,539	166,113,152		X X X
9.	Other professional services	15,749,933	63,954					837,756	14,848,223		X X X
10.	Outside referrals	2,088,728						75,965	2,012,763		X X X
11.	Emergency room and out-of-area	16,534,784	41,441					333,322	16,160,022		X X X
12.	Prescription drugs	33,303,716	158,341					2,031,932	31,113,443		X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	4,174,500						59,500	4,115,000		X X X
15.	Subtotal (Lines 8 to 14)	240,784,711	463,095					5,959,014	234,362,603		X X X
16.	Net reinsurance recoveries	392,359							392,359		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	240,392,352	463,095					5,959,014	233,970,243		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.0 cost containment expenses	3,311,601	24,887					309,178	2,977,535		
20.	General administrative expenses	17,388,122	103,690					1,283,561	16,000,871		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	261,092,074	591,671					7,551,753	252,948,650		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	13,405,234	47,551					630,501	12,727,182		
DETAILS OF WRITE-INS											
0501.	Revenue - Other	206,641							206,641		X X X
0502.	Management Fee Income - Related Party	470,000							470,000		X X X
0503.	Child & Adolescent Health Center Fee	(1,333,599)							(1,333,599)		X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page	12,217							12,217		X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(644,741)							(644,741)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical)	643,644		4,422	639,222
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare	8,196,800		14,545	8,182,255
7.	Title XIX - Medicaid	266,732,195		411,622	266,320,573
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	275,572,638		430,589	275,142,049
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	275,572,638		430,589	275,142,049

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	232,401,831	382,783					5,299,589	226,719,459		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	232,401,831	382,783					5,299,589	226,719,459		
2. Paid medical incentive pools and bonuses	4,218,062						9,587	4,208,475		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	31,669,847	95,968					1,247,049	30,326,829		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	31,669,847	95,968					1,247,049	30,326,829		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	1,056,313						53,773	1,002,541		
6. Net healthcare receivables (a)	362,177	426					27,579	334,171		
7. Amounts recoverable from reinsurers December 31, current year	365,167							365,167		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	27,099,291	15,230					619,546	26,464,515		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	27,099,291	15,230					619,546	26,464,515		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	1,099,875						3,860	1,096,015		
11. Amounts recoverable from reinsurers December 31, prior year	110,852							110,852		
12. Incurred benefits:										
12.1 Direct	236,610,210	463,094					5,899,514	230,247,602		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	254,315							254,315		
12.4 Net	236,355,895	463,094					5,899,514	229,993,287		
13. Incurred medical incentive pools and bonuses	4,174,500						59,500	4,115,000		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	12,067,214	10,399					99,231	11,957,583		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	12,067,214	10,399					99,231	11,957,583		
2. Incurred but Unreported:										
2.1 Direct	19,602,633	85,569					1,147,818	18,369,246		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	19,602,633	85,569					1,147,818	18,369,246		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	31,669,847	95,968					1,247,049	30,326,829		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	31,669,847	95,968					1,247,049	30,326,829		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	52,666	329,621	3,000	92,968	55,666	15,230
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	552,100	4,719,910	67,446	1,179,604	619,546	619,546
7.	Title XIX - Medicaid	23,838,705	202,579,576	749,554	29,577,275	24,588,258	26,464,515
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	24,443,471	207,629,107	820,000	30,849,847	25,263,470	27,099,291
10.	Healthcare receivables (a)		425,280				
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	879,622	3,338,440		1,056,313	879,622	1,099,875
13.	TOTALS (Lines 9 - 10 + 11 + 12)	25,323,093	210,542,266	820,000	31,906,161	26,143,092	28,199,166

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	585,648	585,680	585,682	585,680	585,672
2.	2008	147,403	161,950	162,086	162,077	162,079
3.	2009	X X X	167,209	181,192	182,171	182,192
4.	2010	X X X	X X X	176,203	199,809	199,898
5.	2011	X X X	X X X	X X X	190,686	213,813
6.	2012	X X X	X X X	X X X	X X X	210,542

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	584,593	584,625	584,628	585,680	585,672
2.	2008	167,321	162,154	162,086	162,077	162,079
3.	2009	X X X	189,112	181,518	182,171	182,192
4.	2010	X X X	X X X	201,608	200,670	199,898
5.	2011	X X X	X X X	X X X	218,024	214,633
6.	2012	X X X	X X X	X X X	X X X	242,448

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008	200,504	162,079			162,079	80.836			162,079	80.836
2.	2009	227,020	182,192			182,192	80.254			182,192	80.254
3.	2010	248,357	199,898			199,898	80.488			199,898	80.488
4.	2011	265,693	213,813			213,813	80.474	820		214,633	80.782
5.	2012	274,497	210,542			210,542	76.701	31,906	917	243,365	88.658

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior					
2.	2008					
3.	2009	X X X				
4.	2010	X X X	X X X			
5.	2011	X X X	X X X	X X X	82	134
6.	2012	X X X	X X X	X X X	X X X	330

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior					
2.	2008					
3.	2009	X X X				
4.	2010	X X X	X X X			
5.	2011	X X X	X X X	X X X	97	137
6.	2012	X X X	X X X	X X X	X X X	423

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008										
2.	2009										
3.	2010										
4.	2011	204	134			134	65.699	3		137	67.167
5.	2012	639	330			330	51.566	93		423	66.110

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	223	224	224	224	224
2.	2008	2,492	2,841	2,869	2,869	2,869
3.	2009	X X X	3,158	3,564	3,576	3,576
4.	2010	X X X	X X X	3,564	4,089	4,099
5.	2011	X X X	X X X	X X X	3,419	3,962
6.	2012	X X X	X X X	X X X	X X X	4,729

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	(832)	(830)	(830)	224	224
2.	2008	2,492	2,841	2,869	2,869	2,869
3.	2009	X X X	3,158	3,564	3,576	3,576
4.	2010	X X X	X X X	3,504	4,182	4,099
5.	2011	X X X	X X X	X X X	3,950	4,030
6.	2012	X X X	X X X	X X X	X X X	5,958

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008	3,455	2,869			2,869	83.038			2,869	83.038
2.	2009	4,497	3,576			3,576	79.513			3,576	79.513
3.	2010	6,105	4,099			4,099	67.137			4,099	67.137
4.	2011	5,615	3,962			3,962	70.564	67		4,030	71.765
5.	2012	8,182	4,729			4,729	57.794	1,230		5,958	72.821

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	585,425	585,455	585,458	585,456	585,448
2.	2008	144,911	159,109	159,217	159,207	159,210
3.	2009	X X X	164,051	177,628	178,595	178,617
4.	2010	X X X	X X X	172,639	195,720	195,799
5.	2011	X X X	X X X	X X X	187,186	209,716
6.	2012	X X X	X X X	X X X	X X X	205,483

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	585,425	585,455	585,458	585,456	585,448
2.	2008	164,829	159,314	159,217	159,207	159,210
3.	2009	X X X	185,954	177,954	178,595	178,617
4.	2010	X X X	X X X	198,105	196,489	195,799
5.	2011	X X X	X X X	X X X	213,978	210,466
6.	2012	X X X	X X X	X X X	X X X	236,067

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2008	197,049	159,210			159,210	80.797			159,210	80.797
2.	2009	222,522	178,617			178,617	80.269			178,617	80.269
3.	2010	242,252	195,799			195,799	80.825			195,799	80.825
4.	2011	259,873	209,716			209,716	80.700	750		210,466	80.988
5.	2012	265,676	205,483			205,483	77.344	30,584	917	236,984	89.201

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
		1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1.	Rent (\$.....0 for occupancy of own building)		375,000	374,560		749,560
2.	Salaries, wages and other benefits		1,750,000	5,532,104		7,282,104
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4.	Legal fees and expenses			42,117		42,117
5.	Certifications and accreditation fees		20,000	178,627		198,627
6.	Auditing, actuarial and other consulting services		85,000	323,230		408,230
7.	Traveling expenses		15,000	256,448		271,448
8.	Marketing and advertising		25,000	412,407		437,407
9.	Postage, express and telephone		65,000	203,728		268,728
10.	Printing and office supplies		70,000	228,509		298,509
11.	Occupancy, depreciation and amortization			73,568		73,568
12.	Equipment					
13.	Cost or depreciation of EDP equipment and software		150,000	334,952		484,952
14.	Outsourced services including EDP, claims, and other services		530,100	2,444,571		2,974,671
15.	Boards, bureaus and association fees					
16.	Insurance, except on real estate		6,500	26,596		33,096
17.	Collection and bank service charges			7,009		7,009
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes			16,844		16,844
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			6,534,949		6,534,949
23.2	State premium taxes					
23.3	Regulatory authority licenses and fees			176,484		176,484
23.4	Payroll taxes		220,000	221,420		441,420
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses					
26.	TOTAL Expenses Incurred (Lines 1 to 25)		3,311,600	17,388,122		(a) 20,699,723
27.	Less expenses unpaid December 31, current year			2,362,748		2,362,748
28.	Add expenses unpaid December 31, prior year			1,683,965		1,683,965
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		3,311,600	16,709,339		20,020,940
DETAILS OF WRITE-INS						
2501.	.....				
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) 17,649	19,070
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income	17,649	19,070
11.	Investment expenses .....	.....	(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g)
13.	Interest expense .....	.....	(h)
14.	Depreciation on real estate and other invested assets .....	.....	(i)
15.	Aggregate write-ins for deductions from investment income .....	.....	.....
16.	Total deductions (Lines 11 through 15) .....	.....	.....
17.	Net Investment income (Line 10 minus Line 16) .....	.....	19,070
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.00 accrual of discount less \$.00 amortization of premium and less \$.00 paid for accrued interest on purchases.			
(b) Includes \$.00 accrual of discount less \$.00 amortization of premium and less \$.00 paid for accrued dividends on purchases.			
(c) Includes \$.00 accrual of discount less \$.00 amortization of premium and less \$.00 paid for accrued interest on purchases.			
(d) Includes \$.00 for company's occupancy of its own buildings; and excludes \$.00 interest on encumbrances.			
(e) Includes \$.00 accrual of discount less \$.00 amortization of premium and less \$.00 paid for accrued interest on purchases.			
(f) Includes \$.00 accrual of discount less \$.00 amortization of premium.			
(g) Includes \$.00 investment expenses and \$.00 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.00 interest on surplus notes and \$.00 interest on capital notes.			
(i) Includes \$.00 depreciation on real estate and \$.00 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset	1,860,352	791,000	(1,069,352)
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software	332,551	360,892	28,341
21.	Furniture and equipment, including health care delivery assets	166,554	212,062	45,509
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets	485,381	476,764	(8,616)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,844,837	1,840,718	(1,004,119)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	2,844,837	1,840,718	(1,004,119)
DETAILS OF WRITE-INS				
1101.	.....		
1102.	.....		
1103.	.....		
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Prepaid Assets	485,381	476,764	(8,616)
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	485,381	476,764	(8,616)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	75,040	77,127	78,541	80,075	82,326	945,228
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	75,040	77,127	78,541	80,075	82,326	945,228
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Midwest Health Plan, Inc. (Plan) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that these accounting practices, procedures and reporting standards are not modified by accounting practices prescribed or permitted by the State of Michigan Office of Financial and Insurance Regulation (OFIR).

OFIR recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining the financial condition and results of operation of an insurance company. The *NAPPM* has been adopted as a component of prescribed or permitted practices by OFIR.

A reconciliation of the Plan's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

NET INCOME	State of Domicile	2012	2011
(1) MHP State Basis (Page 4, Line 32, Columns 2 & 3)	Michigan	\$7,104,342	\$5,936,900
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(3) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(4) NAIC SAP (1-2-3=4)	Michigan	<u>\$7,104,342</u>	<u>\$5,936,900</u>
SURPLUS			
(5) MHP State Basis (Page 3, Line 33, Columns 3&4)	Michigan	\$26,822,417	\$19,087,867
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(7) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(8) NAIC SAP (5-6-7=8)	Michigan	<u>\$26,822,417</u>	<u>\$19,087,867</u>

Financial statements prepared on the statutory basis vary in some respects from those prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), and in some cases, those differences may be material. The significant accounting principles, as outlined above, were followed in the preparation of the statutory basis financial statements. Had the financial statements been prepared in accordance with the accounting principles generally accepted in the United States of America, the following differences would have been noted:

- Certain assets are "non-admitted" and are charged against surplus, such as prepaid expenses, electronic data processing equipment and software, furniture and deferred tax assets.
- Purchase Price Accounting (Goodwill and Other Intangibles) Assets, amortization and associated Deferred Taxes are recorded on the acquired company's GAAP financial statements. Our parent corporation, HAP, has accounted for its investment in the Plan in accordance with Statement of Statutory Accounting Principles (SSAP) No 68, *Business Combinations and Goodwill*.
- Deferred income taxes are admitted in accordance with Statement of Statutory Accounting Principle (SSAP) No. 101, Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10 effective January 1, 2012. Changes in deferred income taxes are credited or charged directly to unassigned surplus as opposed to income tax expense.
- The classification of items included in the Statements of Cash Flows - statutory basis differs from GAAP.
- The disclosures required by the statutory basis differ from GAAP.

B. Use of Estimates

The preparation of financial statements in conformity with accounting practices prescribed or permitted by OFIR require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

The Plan operates under two capitated Medicaid contracts and a MICHild contract, which commenced in 2011, with the Michigan Department of Community Health (MDCH). In addition, the Plan has a contract with the Centers for Medicare and Medicaid Services (CMS) for Medicare beneficiaries. For the years ended December 31, 2011 and 2010, these contracts provided the majority of the Plan's operating revenues. Revenue is recognized during the month in which coverage for enrolled members is in effect. Amounts receivable or payable as a result of the contract reconciliation process are recorded in the year known or a reasonable estimate is determinable

1. Short-term investments are stated at amortized cost. Cash Equivalents have been accounted for in accordance with SSAP No. 2. All highly liquid investments with original maturities of three months or less are classified as cash equivalents.

Notes to Financial Statements

- 2. Bonds - As a condition of licensure with the State of Michigan, the Plan is required to maintain a minimum deposit of \$1,000,000 in a segregated and restricted account. These funds can only be used by the Plan at the direction of the Commissioner. The deposited amounts are invested in a U.S. Treasury Note and stated at amortized cost. Interest on this security accrues to the Plan.
- 3. Common Stocks – Not applicable
- 4. Preferred Stocks – Not applicable
- 5. Mortgage Loans – Not applicable
- 6. Loan –backed securities – Not applicable
- 7. Investments in Subsidiaries, controlled and affiliated companies – Not applicable
- 8. Investments in Joint Ventures, partnerships and limited liability companies – Not applicable
- 9. Derivatives – Not applicable
- 10. The Company was not required to record a premium deficiency reserve at December 31, 2012.
- 11. The Plan's method of estimating liabilities for unpaid medical claims are based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- 12. Capitalization policy – No modification of capitalization policy
- 13. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable. The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Affordability Reconciliation Act signed into law in March 2010 have resulted in a reduction in pharmaceutical rebates received by the Plan.

2. Accounting Change and Correction of Errors

The Plan had no accounting changes or correction of errors.

3. Business Combination and Goodwill

- A. Statutory Purchase Method- The stock of Midwest Health Plan, Inc. was acquired by Health Alliance Plan of Michigan (HAP) effective November 1, 2011. The Plan operates as a wholly owned subsidiary of HAP, which is owned by the Henry Ford Health System. As a result, the Plan has new ownership and affiliates and other entities cease to be affiliates as of November 1, 2011.
- B. Statutory Merger- Not applicable
- C. Assumption Reinsurance- Not applicable
- D. Impairment Loss- Not applicable

4. Discontinued Operations

The Plan had no discontinued operations.

5. Investments

- A. *Mortgage Loans* – Not applicable
- B. *Debt Restructuring* – Not applicable
- C. *Reverse Mortgages* – Not applicable
- D. *Loan-Backed Securities*– Not applicable
- E. *Repurchase Agreements* – Not applicable
- F. *Real Estate* – Not applicable
- G. *Investment in Low-Income Housing Tax Credits* – Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Plan has no investments in Joint Ventures, Partnerships, or limited Liability Companies that exceed 10% of its admitted assets
- B. The Plan did not recognize any impairment write down for investments in Joint Ventures, Partnerships and, Limited Liability Companies during the Statement Periods.

7. Investment Income

The Plan had no excluded investment income.

8. Derivative Instruments

The Plan had no derivative instruments.

Notes to Financial Statements

9. Income Taxes

The Plan has recognized an admitted net Deferred Tax Asset (DTA) of \$850,975 and \$286,000 as of December 31, 2012 and 2011, respectively. The DTA is the result of cumulative temporary timing differences that exist between amounts presented in the statutory basis financial statements and amounts reportable for income tax purposes.

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.	12/31/2012		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	2,887,636		2,887,636
(b) Statutory Valuation Allowance Adjustments	0		0
(c)Adjusted Gross Deferred Tax Assets (1a - 1b)	2,887,636		2,887,636
(d) Deferred Tax Assets Nonadmitted	1,860,512		1,860,512
(e)Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	1,027,124		1,027,124
(f) Deferred Tax Liabilities	(176,149)		(176,149)
(g) Net Admitted Deferred Tax Assets/(Net Deferred Tax Liability) (1e - 1f)	850,975		850,975

1.	12/31/2011		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	1,267,000		1,267,000
(b) Statutory Valuation Allowance Adjustments			0
(c)Adjusted Gross Deferred Tax Assets (1a - 1b)	1,267,000		1,267,000
(d) Deferred Tax Assets Nonadmitted	791,000		791,000
(e)Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	476,000		476,000
(f) Deferred Tax Liabilities	(190,000)		(190,000)
(g) Net Admitted Deferred Tax Assets/(Net Deferred Tax Liability) (1e - 1f)	286,000		286,000

1.	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	1,620,636		1,620,636
(b) Statutory Valuation Allowance Adjustments	0		0
(c)Adjusted Gross Deferred Tax Assets (1a - 1b)	1,620,636		1,620,636
(d) Deferred Tax Assets Nonadmitted	1,069,512		1,069,512
(e)Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	551,124		551,124
(f) Deferred Tax Liabilities	(13,851)		(13,851)
(g) Net Admitted Deferred Tax Assets/(Net Deferred Tax Liability) (1e - 1f)	564,975		564,975

Notes to Financial Statements

2.

12/31/2012		
1	2	3
		(Col 1+2)
Ordinary	Capital	Total

Admission Calculation Components SSAP No. 101

(a) Federal Income taxes Paid In Prior Years
Recoverable Through Loss Carry Carrybacks.

765,753	0	765,753
---------	---	---------

(b) Adjusted Gross Deferred Tax Assets
Expected To Be Realized (Excluding The
Amount Of Deferred Tax Assets From 2(a)
above) After Application of the Threshold
Limitation. (The Lesser of 2(b)1 and 2(b)2
Below)

85,222	0	85,222
--------	---	--------

1. Adjusted Gross Deferred Tax Assets
Expected to be Realized Following
the Balance Sheet Date.

85,222	0	85,222
--------	---	--------

2. Adjusted Gross Deferred Tax Assets
Allowed per Limitation Threshold.

xxx	xxx	3,895,716
-----	-----	-----------

(c)Adjusted Gross Deferred Tax Assets
(Excluding The Amount of Deferred Tax
Assets From 2(a) and 2(b) above) Offset by
Gross Deferred Tax Liabilities

176,149	0	176,149
---------	---	---------

(d)Deferred Tax Assets Admitted as the result
of application of SSAP No. 101.
Total (2(a) + 2(b) + 2(c))

1,027,124	0	1,027,124
-----------	---	-----------

2.

12/31/2011		
4	5	6
		(Col 4+5)
Ordinary	Capital	Total

Admission Calculation Components SSAP No. 101

(a) Federal Income taxes Paid In Prior Years
Recoverable Through Loss Carry Carrybacks.

0	0	0
---	---	---

(b) Adjusted Gross Deferred Tax Assets
Expected To Be Realized (Excluding The
Amount Of Deferred Tax Assets From 2(a)
above) After Application of the Threshold
Limitation. (The Lesser of 2(b)1 and 2(b)2
Below)

286,000	0	286,000
---------	---	---------

1. Adjusted Gross Deferred Tax Assets
Expected to be Realized Following
the Balance Sheet Date.

286,000	0	286,000
---------	---	---------

2. Adjusted Gross Deferred Tax Assets
Allowed per Limitation Threshold.

xxx	xxx	1,908,787
-----	-----	-----------

(c)Adjusted Gross Deferred Tax Assets
(Excluding The Amount of Deferred Tax
Assets From 2(a) and 2(b) above) Offset by
Gross Deferred Tax Liabilities

190,000	0	190,000
---------	---	---------

(d)Deferred Tax Assets Admitted as the result
of application of SSAP No. 101.
Total (2(a) + 2(b) + 2(c))

476,000	0	476,000
---------	---	---------

Notes to Financial Statements

2.

Change		
7	8	9
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income taxes Paid In Prior Years Recoverable Through Loss Carry Carrybacks.

765,753	0	765,753
---------	---	---------

(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)

(200,778)	0	(200,778)
-----------	---	-----------

1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.

(200,778)	0	(200,778)
-----------	---	-----------

2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.

xxx	xxx	1,986,930
-----	-----	-----------

(c)Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities

(13,851)	0	(13,851)
----------	---	----------

(d)Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))

551,124	0	551,124
---------	---	---------

3.

2012	2011
------	------

(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.

321%	257%
------	------

(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b) 2 Above.

25,971,442	19,087,867
------------	------------

4.

12/31/2012		
1	2	3
Ordinary Percent	Capital Percent	(Col 1+2) Total Percent

Impact of Tax-Planning Strategies

(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)

0%	0%	0%
----	----	----

(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)

0%	0%	0%
----	----	----

4.

12/31/2011		
4	5	6
Ordinary Percent	Capital Percent	(Col 4+5) Total Percent

Impact of Tax-Planning Strategies

(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)

0%	0%	0%
----	----	----

(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)

0%	0%	0%
----	----	----

Notes to Financial Statements

4.

Change		
7	8	9
(Col 1-4)	(Col 2-5)	(Col 7+8)
Ordinary	Capital	Total
Percent	Percent	Percent

Impact of Tax-Planning Strategies

- (a) Adjusted Gross DTAs
 (% of Total Adjusted Gross DTAs)
- (b) Net Admitted Adjusted Gross DTAs
 (% of Total Net Admitted Adjusted
 Gross DTAs)

C Does the Corporation's tax-planning strategies include the use of reinsurance? Yes No ☒ X

B. Unrecognized Deferred Tax Liabilities - NOT APPLICABLE.

C. Current income taxes incurred consist of the following major components:

1	2	3
12/31/2012	12/31/2011	(Col 1-2) Change

1. Current Income Tax

- (a) Federal
- (b) Foreign
- (c) Subtotal
- (d) Federal income tax on net capital gains
- (e) Utilization of capital loss carry-forwards
- (f) Other
- (g) Federal and foreign income taxes incurred

5,423,055	3,926,000	1,497,055
5,423,055	3,926,000	1,497,055
896,907		896,907
6,319,962	3,926,000	2,393,962

Notes to Financial Statements

1	2	3
12/31/2012	12/31/2011	(Col 1-2) Change

2. Deferred Tax Assets

(a) Ordinary

(1) Discounting of unpaid losses	171,478	207,000	(35,522)
(2) Unearned premium reserve			0
(3) Policyholder reserves			
(4) Investments			
(5) Deferred acquisition costs	66,734	101,000	(34,266)
(6) Policyholder dividends accrual			
(7) Fixed Assets	177,182	221,000	(43,818)
(8) Compensation and benefits accrual	292,875	476,000	(183,125)
(9) Contingent Liability	1,024,890		1,024,890
(10) Intangibles	982,167		982,167
(11) Net operating loss carry-forward			0
(12) Tax credit carry-forward			
(13) Other (including items <5% of total ordinary tax assets)	172,310	262,000	(89,690)
(99) Subtotal	2,887,636	1,267,000	1,620,636
(b) Statutory valuation allowance adjustment			0
(c) Nonadmitted	1,860,512	791,000	1,069,512
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	1,027,124	476,000	551,124

(e) Capital:

(1) Investments	0	0	0
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
(99) Subtotal	0	0	0
(f) Statutory valuation allowance adjustment	0	0	0
(g) Nonadmitted	0	0	0
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	0	0	0
(i) Admitted deferred tax assets (2d + 2h)	1,027,124	476,000	551,124

3. Deferred Tax Liabilities

(a) Ordinary:

(1) Investments	0	0	0
(2) Fixed assets	176,149	190,000	(13,851)
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax assets)	0	0	0
(99) Subtotal	176,149	190,000	(13,851)
(b) Capital:			
(1) Investments	0	0	0
(2) Real estate	0	0	0
(3) Other (including items <5% of total capital tax liabilities)	0	0	0
(99) Subtotal	0	0	0
(c) Deferred tax liabilities(3a99 + 3b99)	176,149	190,000	(13,851)
4. Net deferred tax assets/liabilities(2i - 3c)	850,975	286,000	564,975

Notes to Financial Statements

D. Among the more significant book to tax adjustments were the following:

	2012	%	2011	%
Federal income tax benefit computed at the statutory rate	4,765,628	35.5%	3,797,217	38.5%
Permanent Differences	7,475	0.06%	958	0.0%
Change in DTAs on Non Admitted Assets	133,507	0.99%	(128,000)	-1.3%
Impact of Change in Tax Rate	(81,345)	-0.61%		
Prior Year True-up	8,940	0.07%	(176,175)	-1.8%
Other	(148,730)	-1.11%		0.0%
Total	4,685,476	34.90%	3,494,000	38.5%
Federal income taxes incurred	5,423,055	40.40%	3,926,000	39.8%
Change in net deferred income taxes	(1,634,486)	-12.18%	(432,000)	-4.4%
Prior year underaccrual/(overaccrual)	896,907	6.68%		
Total statutory income taxes	4,685,476	34.90%	3,494,000	35.4%

D. Carry forwards, recoverable taxes, and IRC 6603 deposits:
The Plan does not have any Net Operating Loss, Capital loss, or tax credit carry forwards.
The Plan does not have any deposits admitted under IRC 6603.

E. The Plan's federal income tax return if filed on a standalone basis and taxes are based on an adopted income tax allocation plan between the Plan and other affiliated members of the controlled group.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Plan is 100% owned by Health Alliance Plan of Michigan. The Plan's Ultimate Controlling Entity is the Henry Ford Health System (HFHS).
- B. The Plan incurred a management fee, for strategic guidance and support and services from HAP in 2012. Through a Specialty Care and Hospital Agreement and a Plan/Primary Care Provider Agreement the Plan purchased healthcare and remitted State of Michigan pass thru payments to HFHS in 2012 and 2011.
- C. The HAP management fee was \$964,548 in 2012. The plan paid healthcare services (noted above) HFHS \$23,852,882 in 2012 and \$3,864,136 for 2 months in 2011.
- D. The Plan has recorded an amount due to affiliates of \$978,098 and \$0 for the year ended December 31, 2012 and 2011, respectively. The terms of settlement are within 15 days.
- E. Guarantees to Affiliated Groups – Not applicable
- F. As described above
- G. Common Ownership or Control – the Plan and its affiliates are not subject to common ownership or control whereby their operating results or financial position would be significantly different from those if the entities were autonomous.
- H. Ownership in an Upstream Affiliate or Parent – Not applicable
- I. Investments in SCA Entities Exceeding 10% of Admitted Assets – Not applicable
- J. Investments in Impaired SCA Entities – Not applicable
- K. Investments in Foreign Insurance Subsidiaries – Not applicable
- L. Investment in Downstream Noninsurance Subsidiaries – Not applicable

The following related party transactions occurred in 2011 prior to the sale of the Plan to HAP:

The Plan paid a business service fee of \$500,000 to Midwest Health Center, P.C., an entity formerly related through common ownership. This fee was for storage, strategic growth and enhanced operations at the Plan.

Under a primary site/plan agreement, with a related party under prior common control, the Plan made payments of approximately \$376,000 for provider services based on enrolled members.

In 2004, the Plan entered into an agreement with Midwest Health AKM, Inc. ("AKM"), an entity formerly related through common ownership, whereby the Plan provides administrative services utilized by AKM. The total fees earned for the administrative services provided to this entity were approximately \$200,000 in 2011. These amounts are included in other revenues in the Statutory Statements of Income.

The former Board of Directors entered into an agreement with AKM whereby AKM would provide services to the Plan to assure the proper accounting takes place associated with the true-up of the economic value of the Plan between the former owners and HAP. The services include accounting for the collection of receivables and proper payments and collections of accrued liabilities that existed at October 31, 2011. The estimated value of the services was determined to be equal to 7% of the estimated accrued expenses of the Plan as of October 31, 2011, which was \$1,732,000. The final amount was calculated as \$1,572,451 in 2012. Accordingly, the Plan recognized in General administrative expenses a reduction of approximately \$160,000 in 2012.

The Plan terminated its master operating lease agreement with SPS Woodbridge, LLC ("SPS") as of October 31, 2011. SPS was a related a party through common ownership up to the sale of the Plan to HAP. The Plan paid approximately \$1,740,000 for the termination payout and rent expense during the year ended December 31, 2011.

11. Debt

The Plan had no debt.

Notes to Financial Statements

12. Employee Benefit Plan

A. Defined Benefit Plan – Not applicable

B. Defined Contribution Plan - The Plan maintains a 401(k) plan for its employees. All employees are eligible to participate in the 401(k) plan after completion of age and service requirements. The Plan makes matching contributions to the 401(k) plan up to four percent or eligible compensation. Contributions, net of forfeitures, made to the 401(k) plan by the Plan for the years ended December 31, 2012 and 2011 were approximately \$139,222 and \$129,515, respectively. The fair value of plan assets was \$3,412,271 and \$2,843,702 at December 31, 2012 and 2011 respectively.

C. Multiemployer Plans – Not applicable

D. Consolidated/Holding Company Plans – Not applicable

E. Post employment Benefits and Compensated Absences – Not applicable

F. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable – The Plan does not sponsor a group health plan for retirees.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1. Capital stock - The Plan has 60,000 shares authorized, 8,465 issued and outstanding at a par value of \$ 22 as of December 31, 2012.
- 2. Preferred stock – Not applicable
- 3. Dividend Restrictions - Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Plan's state of incorporation, Michigan, and to an amount based on restrictions relating to statutory surplus.
- 4. No dividends were declared in 2012. The Plan declared a \$35,000,000 dividend (\$8,500,000 as ordinary and \$26,500,000 as extraordinary) in September 2011. The State of Michigan approved the dividend upon the approval of the sale of the Plan's stock to Health Alliance Plan of Michigan, now the Ultimate Controlling Person. The dividend was proportionately paid to the former shareholders on November 1, 2011.
- 5. Dividend Restrictions Based on Profits - Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6. Restrictions on Unassigned Funds (Surplus) – Not applicable
- 7. Advances to Surplus not Repaid – Not applicable.
- 8. Stock held for Special Purposes – Not applicable.
- 9. Changes in special Surplus funds – Not applicable
- 10. There are no cumulative unrealized gains and losses that reduce Unassigned funds (Surplus)
- 11. Surplus Notes – Not applicable
- 12. Impact of a Restatement Due to a Quasi-reorganization – Not applicable
- 13. The Effective Date(s) of a Quasi-Reorganization for the Prior Ten Years – Not applicable

14. Commitments and Contingencies

The Plan has recorded a gain contingency, in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets Revised, of \$2,891,000 at December 31, 2012. This amount is for a State of Michigan 2008 tax return refund, which includes interest, received in December 2012. Based on the tax return filing position, the Plan believes it is probable that the refilled returns may be overturned by the State of Michigan Treasury Department. Thus, until this uncertainty is eliminated the Plan has recorded a liability and not recognized the associated expense reduction from the refiling.

In 2013, the Plan received \$2,887,000 and \$1,918,000 for the State of Michigan for 2009 and 2010 refiled tax returns, which includes interest. The associated expense reduction from the refilling will be recognized in the future.

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees – Not applicable

b. Current Liability Recognized in financial statements:

1. Noncontingent Liabilities	Not applicable
2. Contingent Liabilities	\$2,891,000

c. Ultimate Financial Statement Impact if action under the guarantee is required - Not applicable

15. Leases

A. Lessee Operating Lease

1 The Plan has a 10 year operating lease for its primary office space, which is cancellable after the 6 years. Rental expense was \$749,560 and \$604,315 in 2012 and 2011, respectfully. In addition, the Plan has 1 year remaining on an operating lease that expires on December 31, 2013.

2 At December 31, 2012, the minimum aggregate rental commitments are as follows:

1. 2013	\$487,376
2. 2014	\$479,298
3. 2015	\$491,266
4. 2016	\$471,712
5. Total	<u>\$1,929,652</u>

B. Lessor Leases – Not applicable

C. Leveraged Leases – Not applicable

Notes to Financial Statements

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

The Plan had no financial instruments with off-balance sheet risk or with concentrations of credit risk.

17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

The Plan had no sales transfer and servicing of financial assets or extinguishment of liabilities.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

- A. – ASO Plans – Not applicable
- B. – ASC Plans – Not applicable
- C. – Medicare or Other Similarly Structured Cost Based Reimbursement Contract – Not applicable

19. Direct Premium Written/Produced by Managing General Third Agents/Third Party Administrators

The plan had no direct premium written/produced by managing general third agents/third party administrators.

20. Fair Value Measurements

A.

(1) Fair Value Measurements at Reporting Date

Description	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at Fair Value				
Bonds:				
U.S. Governments	\$1,026,834			\$1,026,834
Industrial and Misc.	45,010,827			45,010,827
Total Bonds	46,037,661			46,037,661
Total Assets at Fair Value	\$46,037,661			\$297,960,000
b. Liabilities at Fair Value				
Total Liabilities at Fair Value	\$0			\$0

(2) The Plan has no fair value measurements categorized within Level 3 of the fair value hierarchy.

(3) The Plan had no transfers between levels.

B. Fair value information and information about other similar measurements disclosed under other accounting pronouncements combined with disclosures under SSAP No. 100, Fair Value Measurements – Not applicable.

C. Aggregate fair values of all financial instruments and applicable levels within the fair value hierarchy

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets/ Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable Carrying Value
Bonds	46,037,661	46,038,082	46,037,661			
Common Stock						
Derivative Assets						
Derivative Liabilities						

D. Financial instruments or classes of financial instruments for which fair value measurements are not determinable - NOT APPLICABLE.

21. Other Items

- A. Extraordinary Items – Not applicable
- B. Troubled Debt Restructuring – Not applicable
- C. Other Disclosures – Statutory Reserve – see Note 1C2
- D. Uncollectible Assets – None – not applicable
- E. Business Interruption Insurance Recoveries – Not applicable

Notes to Financial Statements

- F. State Transferable Tax Credits – Not applicable
- G. Subprime Mortgage Related Risk Exposure – Not applicable

22. Events Subsequent

The Plan had no subsequent events – not applicable

23. Reinsurance

- A. Ceded Reinsurance Report
 - Section 1 – General Interrogatories
 - 1 - Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Plan or by any representative, officer, trustee, or director of the company? NO
 - 2 - Have any policies issued by the company been reinsured with a company chartered in a country other than the United States this is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? NO
 - Section 2 – Ceded Reinsurance Report – Part A
 - 1 – Does the Plan have a reinsurance agreement in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? NO
 - 2 – Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? NO
 - Section 3 – Ceded Reinsurance Report – Part B
 - 1 – \$365,000 is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement.
 - 2 – Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Plan as of the effective date of the agreement? NO
- B. Uncollectible Reinsurance – Not applicable
- C. Commutation of Ceded Reinsurance – Not applicable

The Plan has a reinsurance agreement with RGA Reinsurance Company, NAIC 93572, Federal Tax ID #43-1235868, and a non-affiliated U.S. company for 2012. The deductible rate for institutional services is \$165,000 for covered Medicaid members and \$120,000 for covered Medicare members with a co-payment of 10%, except for non-approved transplants in 2012. Reinsurance ceded was \$430,589 and \$510,213 for 2012 and 2011, respectively. The maximum reinsurance per member is \$1,000,000 per year and \$2,000,000 per lifetime. The agreement is non-cancelable other than for failure to pay premiums. For the 2012 policy year, the Plan has an estimated receivable of \$365,167 on paid claims as of December 31, 2012. The Plan received a \$36,602 reimbursement for the 2010 policy year in January 2012 and \$96,769 reimbursement for the 2011 policy year in November 2012.

The company does not have assumed uncollectible or retroactive reinsurance.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination.

The Plan has no retrospectively rated contracts or contracts subject to redetermination.

25. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2012 were \$31,669,847. As of December 31, 2012, \$24,443,471 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$820,000 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$2,250,799 favorable prior-year development since December 31, 2011 to December 31, 2012. The increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual.

Activity in the liability for claims unpaid at December 31, 2012 and 2011 is summarized as follow:

	2012	2011
Medical Claims Liability		
Balance January 1	27,099,292	25,083,949
Incurred related to:		
Current Year	240,116,473	215,521,101
Prior Year	(2,250,799)	(1,461,033)
Total incurred	237,865,674	214,060,068
Paid related to:		
Current Year	208,851,648	188,538,143
Prior Year	24,443,471	23,506,582
Total paid	233,295,119	212,044,725
Balance December 31	31,669,847	27,099,292

Notes to Financial Statements

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

Not applicable

28. Health Care Receivables – Admitted

A. **Pharmaceutical/Rebates Receivable** – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable.

Quarter	Estimated Receivable	Confirmed Receivable	Received within 90 days	Received within 91-180 days	Received over 180 Days
12/31/12	425,280	425,280	425,280		
9/30/12	260	260	260		
6/30/12	113,680	113,680	113,680		
3/31/12	42,616	42,616	42,616		
12/31/11	63,103	63,103	63,103		
9/30/11	209,870	209,870	209,870		
6/30/11	296,789	296,789	296,789		
3/31/11	105,974	105,974	105,974		
12/31/10	174,163	174,163	174,163		
9/30/10	3,515	3,515	3,515		
6/30/10	220,466	220,466	220,466		
3/31/10	378,381	378,381	378,381		

B. Risk Sharing Receivable

The Plan’s contract with capitated providers that have 250 or more assigned members are subject to risk sharing. Any provider with a deficit balance owes 25% of that balance, up to a maximum of three month’s capitation, to the Plan. The Plan has a final settlement with Providers 18 months after the beginning of the respective contract year. For 2012 and 2011 the Plan has agreed to waive any Risk Share Receivable and accordingly rebased its capitation payment and referral pool funding for 2013.

29. Participating Policies

Not applicable

30. Premium Deficiency Reserves

Not applicable

31. Anticipated Salvage and Subrogation

Not applicable

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/26/2012
- 3.4 By what department or departments?
Department of Energy, Labor & Economic Growth (DELEG), Office of Financial & Insurance Regulation
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Suite 3900, 200 Renaissance Center, Detroit, MI 48243
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Dave Thoen, FSA, MAAA, Deloitte & Toche LLP, 50 South Sixth Street, Suite 2800, Minneapolis, MN 55402-1538, Consulting Contract
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ 0

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ 0

24.103 Total payable for securities lending reported on the liability page.

\$ 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes[X] No[]
- 25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$ 0

25.22 Subject to reverse repurchase agreements

\$ 0

25.23 Subject to dollar repurchase agreements

\$ 0

25.24 Subject to reverse dollar repurchase agreements

\$ 0

25.25 Pledged as collateral

\$ 0

25.26 Placed under option agreements

\$ 0

25.27 Letter stock or securities restricted as to sale

\$ 0

25.28 On deposit with state or other regulatory body

\$ 1,026,834

25.29 Other

\$ 0
- 25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

27.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Comerica Bank	411 W Lafayette, Detroit, MI 48226

- 28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes[X] No[]

28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
Bank of America, N.A. Wealth Management Group ...	Comerica Bank	07/20/2012 .	Our Ultimate Controlling Entity, Henry Ford Health System, has a relationship with Comerica Bank, which will result in reduced fees for the Plan.

- 28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[] No[X]

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	1,026,834	1,025,601	(1,233)
30.2 Preferred stocks			
30.3 Totals	1,026,834	1,025,601	(1,233)

30.4 Describe the sources or methods utilized in determining the fair values
Ready market for the Investments held: U.S. Treasury Note with stated interest rate

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No[] N/A[]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Restricted Deposit held to maturity - thus Amortized cost

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ 26,671

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Heath Plans	14,400
Medicaid Health Plans of America	37,390

34.1 Amount of payments for legal expenses, if any?

\$ 45,457

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Honigman, Miller, Schwartz	38,452

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$ 109,875

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
RCP Assoiates	54,875
Mitchell Research	55,000

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	275,142,049	265,692,692
2.2	Premium Denominator	275,142,049	265,692,692
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	32,726,160	28,199,166
2.5	Reserve Denominator	32,726,160	28,199,166
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 248,500

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Midwest Health Plan has agreements with its Primary Care providers to continue services until enrollee is re-assigned by Medicaid.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 1,121

8.2 Number of providers at end of reporting year

..... 1,309

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 4,736,500

10.22 Amount actually paid for year bonuses

\$ 3,542,155

10.23 Maximum amount payable withholds

\$ 1,948,166

10.24 Amount actually paid for year withholds

\$ 675,907

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ 16,168,642

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Livingston, Macomb, Oakland, St. Claire, Washtenaw, Wayne
Counties

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ 0

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	66,697,328	49,888,763	77,769,737	71,884,532	62,788,614
2. TOTAL Liabilities (Page 3, Line 24)	39,874,911	30,800,896	29,335,218	25,895,358	23,985,937
3. Statutory surplus	16,168,642	14,858,088	13,974,960	12,790,400	11,377,286
4. TOTAL Capital and Surplus (Page 3, Line 33)	26,822,417	19,087,867	48,434,519	45,989,174	38,802,677
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	274,497,308	265,104,148	247,768,626	223,384,669	189,619,327
6. TOTAL Medical and Hospital Expenses (Line 18)	240,392,352	217,028,089	203,845,454	186,490,777	167,136,879
7. Claims adjustment expenses (Line 20)	3,311,601	3,382,808	3,026,000	2,827,028	2,957,354
8. TOTAL Administrative Expenses (Line 21)	17,388,122	34,897,617	28,243,555	23,223,159	12,794,307
9. Net underwriting gain (loss) (Line 24)	13,405,234	9,795,635	12,653,616	10,843,704	6,730,787
10. Net investment gain (loss) (Line 27)	19,070	67,265	52,073	116,693	1,356,439
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	7,104,342	5,936,900	8,509,248	7,060,397	5,224,225
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	12,010,667	7,799,670	12,842,518	8,150,854	9,115,981
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	26,822,417	19,087,867	48,434,519	45,989,174	38,802,677
15. Authorized control level risk-based capital	8,084,321	7,429,044	6,987,480	6,395,200	5,688,643
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	82,326	75,040	71,013	69,642	64,542
17. TOTAL Members Months (Column 6, Line 7)	945,228	884,601	848,284	802,338	774,121
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	87.4	81.7	82.1	82.1	83.4
20. Cost containment expenses					
21. Other claims adjustment expenses	1.2	1.3	1.2	1.2	1.5
22. TOTAL Underwriting Deductions (Line 23)	94.9	96.1	94.7	93.6	91.2
23. TOTAL Underwriting Gain (Loss) (Line 24)	4.9	3.7	5.1	4.8	3.4
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	26,143,092	25,434,257	22,770,447	15,900,698	18,642,022
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	28,199,166	26,430,558	22,745,365	20,006,827	18,380,747
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL investment in parent included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	643,644	8,196,800	266,732,195				275,572,638	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	643,644	8,196,800	266,732,195				275,572,638	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) 1	643,644	8,196,800	266,732,195				275,572,638	

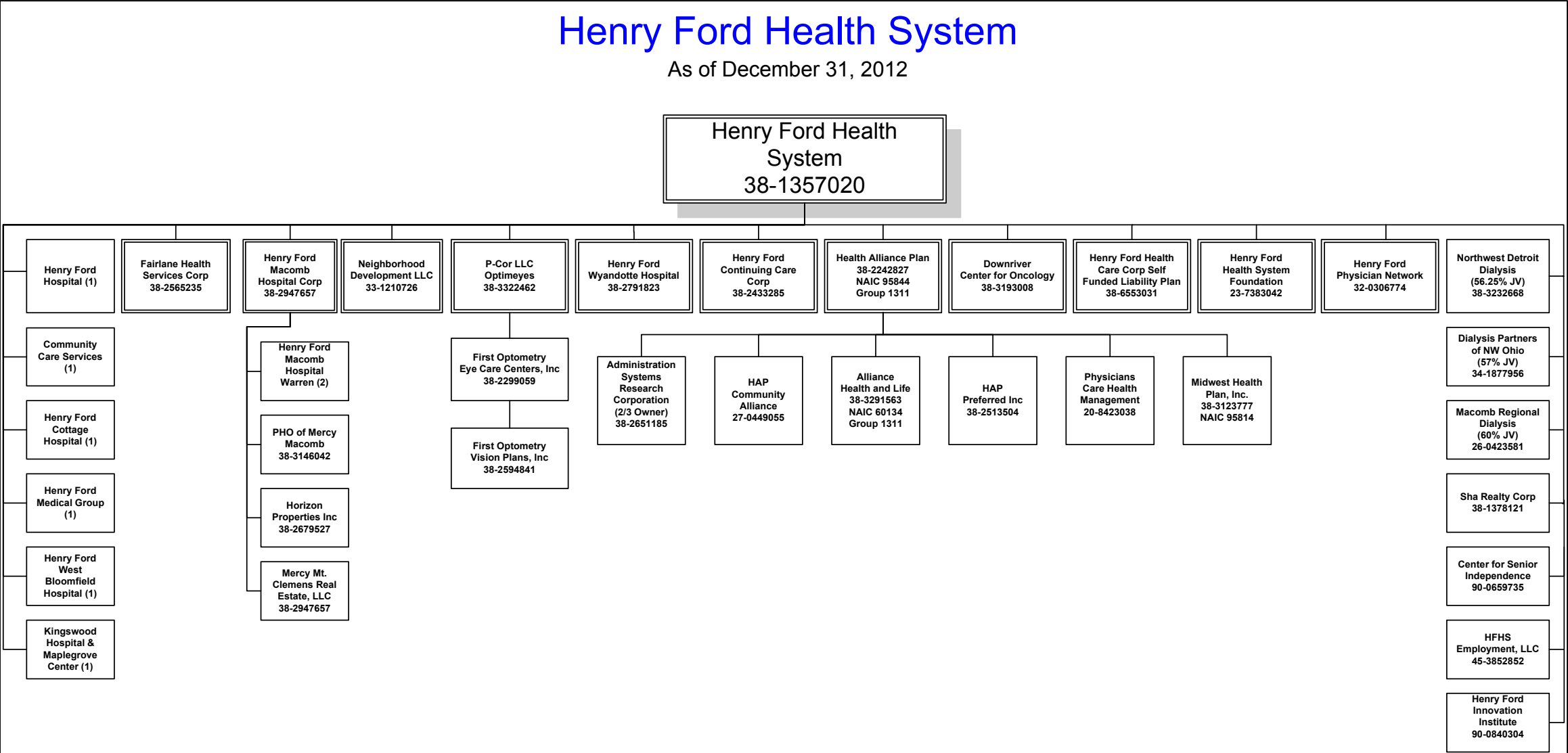
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Henry Ford Health System
As of December 31, 2012



Legend:

- (1) Represents a business unit under Henry Ford Health System's Tax ID #
- (2) Represents a business unit under Henry Ford Macomb Hospital Corp.

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